

VISION 2020 FISCAL RESOURCES TASK GROUP  
Meeting Minutes 5/16/13

ATTENDEES: Gordon Jamieson (Co-Chair), David Garbarino (CoChair), Heather Remoff, Mike Stern, Brian Hasbrouck, Pete Howard (Secretary)

MTG W/ ASSESSORS: Gordon announced that Ms Winstanley-O'Connor could not get to this mtg but promised to come to the June mtg. Our agenda for that mtg is to ask the questions in our March letter to the Board (Ref 1). In a short discussion all agreed to send additional questions to Gordon who will include them in a follow-up letter to the Board.

MY TAX DOLLARS: Gordon has an appointment on 5/23 with Deputy Town Manager Andrew Flanagan to discuss getting the 2013 version posted.

FINANCIAL PLAN REVIEW: Gordon suggested and the members agreed that we take on a new project to study and comment on the Manager's Financial Plan for FY 2014. Gordon handed out copies of the plan provided by the Manager. He also supplied copies of the FinCom Report (w/o the appendices), the Capital Plan, and the vote on Article 28 Revolving Funds from the Selectmen's Report. All of these documents are available on the Town website as is the School Department's report (not part of our initial analysis).

Gordon also provided a sensitivity analysis (Ref 2) he did on the long range plan based on Appendix D of the FinCom Report. He extended the years to 2020, considered 2 what-if variations based on the base revenue projections and 2 what-if variations on the budget base projections. All the variations are less conservative than the official ones but are plausible. Both what-if budget (revenue and expenditures) scenarios would extend either of the revenue projections beyond 2020 w/o an override. The official projection shows balanced budgets through at least FY2018.

Pete led a discussion of some of the material in the first few sections of the Plan. Several suggestions for improving the plan as follows:

P23 Long Range Financial Projection: Continue the spread sheet onto another page to show the annual increase assumptions. Do not show Override Stabilization Fund as a revenue, instead show the Revenue minus Appropriations Total and then apply the withdrawal from the Override Stabilization Fund to balance the budget. This would make the table more similar to commercial practice and hence easier for residents to understand.

P59 Town Organization Chart: This important chart is difficult for residents to understand. Voters are not part of the organization. The yellow boxes (elected officials) belong on the same line. This could be done by using 2 facing pages. The chart does not make clear where the legislative and administrative boundary lies.

Members agreed to study the material for discussion at future meetings leading to a letter to the Town Manager with our comments and suggestions.

NEXT MEETING June 20 and 3d Thursday on subsequent months starting in September.

Ref 1 Letter FRTG to Board of Assessors March 2013  
Ref 2 Long Range Plan Sensitivity Analysis.



Fiscal Resources Task Group

March YY, 2013

Arlington Board of Assessors  
James Doherty, Chair  
730 Massachusetts Avenue  
Arlington, MA 02476

Dear Jim,

Over the past several years, Vision 2020's Fiscal Resources Task Group has examined Arlington property assessments and discussed them both as a group and on occasion with your Board and the Assessor.

We write to summarize our recent efforts in this regard and to invite the Board and Assessor Speidel to attend one of our meetings for the purpose of discussing in detail the issues raised below.

*Residential vs. CIP Revenue:* FRTG Co-chair, Gordon Jamieson, regularly attends the Board of Selectmen meeting when the tax rate and factor are set. Over the years, Gordon has pointed out the large discrepancy between the long-term growth of residential property tax revenues vs. the small growth recorded for CIP property tax revenues. (Attached chart 1) Moreover, according to a recent review<sup>1</sup> conducted by the Town's Planning Department over the 25 year period from 1983-2008 the relative assessed value of C&I (*the study considered only property parcel assessments*) has decreased by over 30 percent (*from 6.6% to 4.6%*). By contrast over this same time period the number of business establishments operating in Town has increased by 43% (*from 675 to 967*). (Attached Chart 2)

*Business Corridor Analysis:* At our request, last year the Town Manager kindly provided us with assessment data for Mass Ave in East Arlington and North Cambridge. We compared these neighboring areas and determined that while 15% of Arlington properties are at valued at more than \$1M, 44% of North Cambridge properties have assessed valuations greater than \$1M.

Further, the same Planning Department study<sup>2</sup> provides the total C&I assessed valuations for 2008 in Arlington and the following neighboring communities:

|            |                 |
|------------|-----------------|
| Belmont    | \$267,000,000   |
| Arlington  | \$316,000,000   |
| Lexington  | \$834,000,000   |
| Burlington | \$1,396,000,000 |
| Cambridge  | \$8,400,000,000 |

*Advocate Series:* After several helpful conversations with John Speidel, last year one of our members, Heather Remoff, penned a series of five articles called "Ideas for Growth in Arlington" which were published in the *Arlington Advocate*. These articles provided readers with some background into the property tax assessment process and Proposition 2 1/2, and noted the long-standing mismatch between the cost of services that the Town delivers and amount of revenue available to deliver said services. Recently, this mismatch (aka the structural deficit) has been covered through the periodic passage of Prop 2 1/2 overrides. Yet as Heather noted in her series, an alternative approach to addressing this shortfall would be to focus on ways to encourage commercial and industrial (CIP) development.

Matters arising: Our examination of the issues noted above leads us to pose the following questions:

- 1 - How are the assessments on CIP property calculated?

2 - If multiple approaches to calculating CIP assessments exist, is there one that favors CIP growth?

3 - If property revenues (gross/net) are involved, what process is employed to determine/audit same?

Our next meeting is March 21. We would welcome your attendance at that time or another date convenient to the Board's and Assessor Speidel's schedule. We would plan on dedicating our full meeting agenda that evening to discussing these important issues in depth with your team.

Sincerely,

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Gordon Jamieson, V2020 FRTG Co-Chair

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David Garbarino, V2020 FRTG Co-Chair

CC John Speidel Director of Assessments

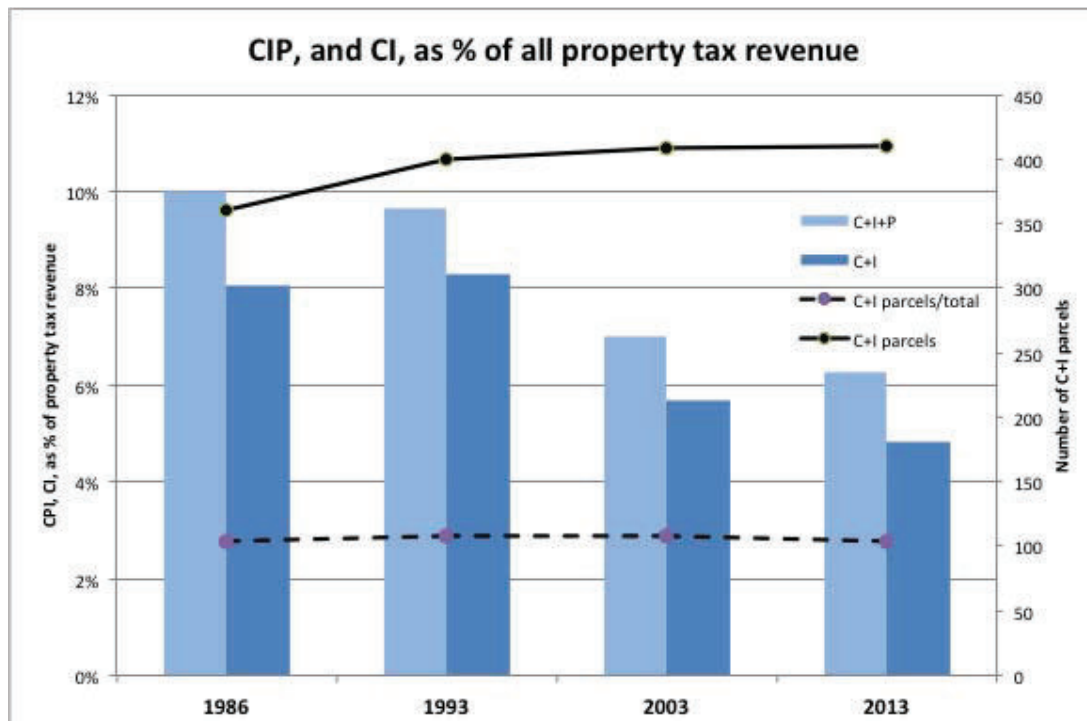
1,2. Arlington At A Glance, March 2013, Department of Planning and Community Development

## **Chart 1**



Source: Revenue data from Massachusetts Department of Revenue. <http://www.mass.gov/dor/local-officials/municipal-data-and-financial-management/data-bank-reports/property-tax-information.html> [Accessed March 2, 2013.] Deflated using Consumer Price Index – All Urban Consumers, for Boston-Brockton-Nashua, MA-NH-ME-CT, from US Department of Labor: Bureau of Labor Statistics. <http://www.bls.gov/xg/shells/ro1xg01.htm> [Accessed March 2, 2013.]

**Chart 2**



Source: As for Chart 1.

|            | 2014        | 2015        | 2016        | 2017        | 2018        | 2019         | 2020         |                            |
|------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|----------------------------|
| 1.01       | 16,690,385  | 16,857,289  | 17,025,862  | 17,196,120  | 17,368,082  | 17,541,762   | 17,717,180   |                            |
| 0          | 2,474,773   | 2,474,773   | 2,474,773   | 2,474,773   | 2,474,773   | 1,615,000    | 1,615,000    |                            |
| 50K        | 8,505,000   | 8,555,000   | 8,605,000   | 8,655,000   | 8,705,000   | 8,755,000    | 8,805,000    |                            |
| 1.5M       | 3,411,528   | 1,500,000   | 1,500,000   | 1,500,000   | 1,500,000   | 1,500,000    | 1,500,000    |                            |
| 200K       | 200,000     | 200,000     | 200,000     | 200,000     | 200,000     | 200,000      | 200,000      |                            |
| 0.0268     | 101,039,058 | 103,746,905 | 106,527,322 | 109,382,254 | 112,313,698 | 115,323,706  | 118,414,381  |                            |
|            | 132,320,744 | 133,333,967 | 136,332,957 | 139,408,147 | 142,561,553 | 144,935,468  | 148,251,561  | Base                       |
|            |             |             |             |             |             |              |              |                            |
|            | 2014        | 2015        | 2016        | 2017        | 2018        | 2019         | 2020         |                            |
| 1.01       | 16,690,385  | 16,857,289  | 17,025,862  | 17,196,120  | 17,368,082  | 17,541,762   | 17,717,180   |                            |
| 0          | 2,474,773   | 2,474,773   | 2,474,773   | 2,474,773   | 2,474,773   | 1,615,000    | 1,615,000    |                            |
| 9.0M       | 9,000,000   | 9,000,000   | 9,000,000   | 9,000,000   | 9,000,000   | 9,000,000    | 9,000,000    | ***                        |
| 1.5M       | 3,411,528   | 1,500,000   | 1,500,000   | 1,500,000   | 1,500,000   | 1,500,000    | 1,500,000    |                            |
| 200K       | 200,000     | 200,000     | 200,000     | 200,000     | 200,000     | 200,000      | 200,000      |                            |
| 0.025+650K | 101,039,058 | 104,215,034 | 107,470,410 | 110,807,171 | 114,227,350 | 117,733,034  | 121,326,359  | ***                        |
|            | 132,815,744 | 134,247,096 | 137,671,045 | 141,178,064 | 144,770,204 | 147,589,796  | 151,358,539  | Base-Plus                  |
|            |             |             |             |             |             |              |              |                            |
|            | 2014        | 2015        | 2016        | 2017        | 2018        | 2019         | 2020         |                            |
| 1.025      | 16,690,385  | 17,107,645  | 17,535,336  | 17,973,719  | 18,423,062  | 18,883,639   | 19,355,730   | ***                        |
| 0          | 2,474,773   | 2,474,773   | 2,474,773   | 2,474,773   | 2,474,773   | 1,615,000    | 1,615,000    |                            |
| 9.0M       | 9,000,000   | 9,000,000   | 9,000,000   | 9,000,000   | 9,000,000   | 9,000,000    | 9,000,000    | ***                        |
| 1.5M       | 3,411,528   | 1,500,000   | 1,500,000   | 1,500,000   | 1,500,000   | 1,500,000    | 1,500,000    |                            |
| 200K       | 200,000     | 200,000     | 200,000     | 200,000     | 200,000     | 200,000      | 200,000      |                            |
| 0.025+650K | 101,039,058 | 104,215,034 | 107,470,410 | 110,807,171 | 114,227,350 | 117,733,034  | 121,326,359  | ***                        |
|            | 132,815,744 | 134,497,452 | 138,180,519 | 141,955,663 | 145,825,185 | 148,931,672  | 152,997,089  | Base-Plus-Plus             |
|            |             |             |             |             |             |              |              |                            |
|            | 2014        | 2015        | 2016        | 2017        | 2018        | 2019         | 2020         |                            |
| 1.0465     | 47,676,113  | 49,893,052  | 52,213,079  | 54,640,987  | 57,181,793  | 59,840,747   | 62,623,341   |                            |
| 1.035      | 3,336,935   | 3,453,728   | 3,574,608   | 3,699,719   | 3,829,210   | 3,963,232    | 4,101,945    |                            |
| 1.035      | 30,414,902  | 31,479,424  | 32,581,203  | 33,721,546  | 34,901,800  | 36,123,363   | 37,387,680   |                            |
| 750K+50K   | 750,000     | 800,000     | 850,000     | 900,000     | 950,000     | 1,000,000    | 1,050,000    |                            |
| 5.593M     | 5,593,112   | 5,593,112   | 5,593,112   | 5,593,112   | 5,593,112   | 5,593,112    | 5,593,112    |                            |
| 1.0175     | 9,831,310   | 10,003,358  | 10,178,417  | 10,356,539  | 10,537,778  | 10,722,190   | 10,909,828   |                            |
| 1.06       | 8,160,032   | 8,649,634   | 9,168,612   | 9,718,729   | 10,301,852  | 10,919,964   | 11,575,161   |                            |
| 1.07       | 14,739,366  | 15,771,122  | 16,875,100  | 18,056,357  | 19,320,302  | 20,672,723   | 22,119,814   |                            |
| 0          | 60,000      | 60,000      | 60,000      | 60,000      | 60,000      | 60,000       | 60,000       |                            |
| 750K       | 750,000     | 750,000     | 750,000     | 750,000     | 750,000     | 750,000      | 750,000      |                            |
| 1.025      | 3,072,843   | 3,149,664   | 3,228,406   | 3,309,116   | 3,391,844   | 3,476,640    | 3,563,556    |                            |
| 1.1M       | 1,100,000   | 1,100,000   | 1,100,000   | 1,100,000   | 1,100,000   | 1,100,000    | 1,100,000    |                            |
| 1.1M       | 1,100,000   | 1,100,000   | 1,100,000   | 1,100,000   | 1,100,000   | 1,100,000    | 1,100,000    |                            |
|            | 126,584,613 | 131,803,093 | 137,272,537 | 143,006,105 | 149,017,691 | 155,321,969  | 161,934,438  | A                          |
| 7,883,465  | 5,736,131   | 1,530,874   | (939,581)   | (3,597,958) | (6,456,138) | (10,386,502) | (13,682,877) | (19,912,585) Base          |
| 7,883,465  | 6,231,131   | 2,444,003   | 398,508     | (1,828,041) | (4,247,487) | (7,732,173)  | (10,575,898) | (7,426,493) Base-Plus      |
| 7,883,465  | 6,231,131   | 2,694,359   | 907,982     | (1,050,442) | (3,192,506) | (6,390,297)  | (8,937,349)  | (1,853,658) Base-Plus-Plus |
|            |             |             |             |             |             |              |              |                            |
|            | 2014        | 2015        | 2016        | 2017        | 2018        | 2019         | 2020         |                            |
| 1.0465     | 47,676,113  | 49,893,052  | 52,213,079  | 54,640,987  | 57,181,793  | 59,840,747   | 62,623,341   |                            |
| 1.035      | 3,336,935   | 3,453,728   | 3,574,608   | 3,699,719   | 3,829,210   | 3,963,232    | 4,101,945    |                            |
| 1.035      | 30,414,902  | 31,479,424  | 32,581,203  | 33,721,546  | 34,901,800  | 36,123,363   | 37,387,680   |                            |
| 750K+50K   | 750,000     | 800,000     | 850,000     | 900,000     | 950,000     | 1,000,000    | 1,050,000    |                            |
| 5.593M     | 5,593,112   | 5,593,112   | 5,593,112   | 5,593,112   | 5,593,112   | 5,593,112    | 5,593,112    |                            |
| 1.0175     | 9,831,310   | 10,003,358  | 10,178,417  | 10,356,539  | 10,537,778  | 10,722,190   | 10,909,828   |                            |
| 1.04       | 8,160,032   | 8,486,433   | 8,825,891   | 9,178,926   | 9,546,083   | 9,927,927    | 10,325,044   | ***                        |
| 1.05       | 14,739,366  | 15,476,334  | 16,250,151  | 17,062,659  | 17,915,791  | 18,811,581   | 19,752,160   | ***                        |
| 0          | 60,000      | 60,000      | 60,000      | 60,000      | 60,000      | 60,000       | 60,000       |                            |
| 750K       | 750,000     | 750,000     | 750,000     | 750,000     | 750,000     | 750,000      | 750,000      |                            |
| 1.025      | 3,072,843   | 3,149,664   | 3,228,406   | 3,309,116   | 3,391,844   | 3,476,640    | 3,563,556    |                            |
| 1.1M       | 1,100,000   | 1,100,000   | 1,100,000   | 1,100,000   | 1,100,000   | 1,100,000    | 1,100,000    |                            |
| 1.1M       | 1,100,000   | 1,100,000   | 1,100,000   | 1,100,000   | 1,100,000   | 1,100,000    | 1,100,000    |                            |
|            | 126,584,613 | 131,345,105 | 136,304,867 | 141,472,604 | 146,857,411 | 152,468,790  | 158,316,666  | B                          |
| 7,883,465  | 5,736,131   | 1,988,861   | 28,090      | (2,064,457) | (4,295,858) | (7,533,322)  | (10,065,105) | (8,322,196) Base           |
| 7,883,465  | 6,231,131   | 2,901,991   | 1,366,178   | (294,540)   | (2,087,207) | (4,878,994)  | (6,958,127)  | 4,163,897 Base-Plus        |
| 7,883,465  | 6,231,131   | 3,152,347   | 1,875,652   | 483,059     | (1,032,227) | (3,537,118)  | (5,319,577)  | 9,736,732 Base-Plus-Plus   |
|            |             |             |             |             |             |              |              |                            |
|            | 2014        | 2015        | 2016        | 2017        | 2018        | 2019         | 2020         |                            |
| 1.0465     | 47,676,113  | 49,893,052  | 52,213,079  | 54,640,987  | 57,181,793  | 59,840,747   | 62,623,341   |                            |
| 1.035      | 3,336,935   | 3,453,728   | 3,574,608   | 3,699,719   | 3,829,210   | 3,963,232    | 4,101,945    |                            |
| 1.035      | 30,414,902  | 31,479,424  | 32,581,203  | 33,721,546  | 34,901,800  | 36,123,363   | 37,387,680   |                            |
| 750K+50K   | 750,000     | 800,000     | 850,000     | 900,000     | 950,000     | 1,000,000    | 1,050,000    |                            |
| 5.593M     | 5,593,112   | 5,593,112   | 5,593,112   | 5,593,112   | 5,593,112   | 5,593,112    | 5,593,112    |                            |
| 1.0175     | 9,831,310   | 10,003,358  | 10,178,417  | 10,356,539  | 10,537,778  | 10,722,190   | 10,909,828   |                            |
| 1.02       | 8,160,032   | 8,323,233   | 8,489,697   | 8,659,491   | 8,832,681   | 9,009,335    | 9,189,521    | ***                        |
| 1.03       | 14,739,366  | 15,181,547  | 15,636,993  | 16,106,103  | 16,589,286  | 17,086,965   | 17,599,574   | ***                        |
| 0          | 60,000      | 60,000      | 60,000      | 60,000      | 60,000      | 60,000       | 60,000       |                            |
| 750K       | 750,000     | 750,000     | 750,000     | 750,000     | 750,000     | 750,000      | 750,000      |                            |
| 1.025      | 3,072,843   | 3,149,664   | 3,228,406   | 3,309,116   | 3,391,844   | 3,476,640    | 3,563,556    |                            |
| 1.1M       | 1,100,000   | 1,100,000   | 1,100,000   | 1,100,000   | 1,100,000   | 1,100,000    | 1,100,000    |                            |
| 1.1M       | 1,100,000   | 1,100,000   | 1,100,000   | 1,100,000   | 1,100,000   | 1,100,000    | 1,100,000    |                            |
|            | 126,584,613 | 130,887,117 | 135,355,516 | 139,996,614 | 144,817,504 | 149,825,582  | 155,028,558  | C                          |
| 7,883,465  | 5,736,131   | 2,446,849   | 977,441     | (588,466)   | (2,255,951) | (4,890,114)  | (6,776,997)  | 2,532,358 Base             |
| 7,883,465  | 6,231,131   | 3,359,979   | 2,315,529   | 1,181,450   | (47,300)    | (2,235,786)  | (3,670,018)  | 15,018,451 Base-Plus       |
| 7,883,465  | 6,231,131   | 3,610,335   | 2,825,003   | 1,959,049   | 1,007,681   | (893,910)    | (2,031,469)  | 20,591,286 Base-Plus-Plus  |